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December 20, 1976

MEMORANDUM FOR: WILLIAM G. HYLAND

FROM: Robert S. Smith *RS*

SUBJECT: SRG Meeting on NSSM 248 -- US Policy
Toward Ethiopia; Wednesday, December 22,
1976, at 3:00 p.m.

I. PURPOSE OF THIS MEETING

- To review the study prepared under NSSM 248.
- To reach a consensus on US goals and policy options for achieving these goals.

II. BACKGROUND

NSSM 248 (Tab C) was issued on November 13 as a result of discussion in the SRG on NSSM 239 concerning the French Territory of the Afars and Issas. While the SRG had agreed on November 4 to propose consultations with the French on the future of the FTAI and to express our support for maintaining a French military presence there after independence, it was State's view -- accepted by the other SRG members -- that we needed a clearer policy toward the Ethiopian Government as background to our discussions with the French and any other countries regarding our future role in the Horn of Africa. NSSM 248 therefore calls for "a brief study of US policy options, and the underlying assumptions regarding the state of our future relations with Ethiopia." The study was prepared by the Inter-departmental Group for Africa (mainly drafted by State) and completed by December 10 (Tab D). The major judgments of the study in response to the NSSM are at Tab B. Agency comments reached us on December 17. They are at Tab E.

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III. THE ISSUE

What level of US involvement in Ethiopia is appropriate to our present day interests in that country and in the Horn of Africa? The question applies particularly to our military role in Ethiopia, but it also applies to all other US programs there. The study concludes that our traditional relationship with Ethiopia has changed markedly since the revolutionary regime took power from Emperor Haile Selassie in September 1974. Our relations are diminished, strained and make far less valid the historic reasons we have had for close ties and substantial military support to Ethiopia. Nevertheless, the Horn contains a Soviet client state, Somalia, and a Soviet naval presence with shore facilities. US disengagement would look like "a loss" to the Soviets; it would imply an unwillingness on our part to continue relationships with a "socialist" state; and would contribute to destabilization of the area at the moment when the French are granting independence to the FTAI which could possibly become the battleground of a full-scale war.

The study sets forth three options: (a) continuation of present policy; (b) disengagement from Ethiopia; and (c) the middle course.

IV. AGENCY VIEWS

A. State Views:

State believes our programs in Ethiopia should be tailored to reflect the changed political situation there. On the one hand, termination of Kagnew operations (the principal justification for our military aid), the misuse of our arms aid in Eritrea and potentially in the FTAI, and the hostile, leftist regime in Ethiopia, have all dictated an alteration in our military relationship with Ethiopia. On the other hand, there are persuasive arguments against sudden and complete disengagement: we should not leave a vacuum in Ethiopia for the Soviets; US disengagement could trigger a Somali decision to start a war with Ethiopia; we should not project the image of simply being hostile to "socialism"; we should retain the potential for influence with respect to Djibouti and be able to capitalize on future changes in Ethiopian leadership.

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Thus, State favors option C and recommends slight variations to the actions under it:

- not offer \$10 million in FY 77 FMS credit financing, but consider if Ethiopia asks; (State has indicated no position on the \$10 million for FY 78 already in the President's budget proposals);
- continue military cash sales, but assess them carefully; approve most of the \$56 million ammunition request but phase deliveries and make strong statements to the Ethiopian Government concerning Eritrea, FTAI and bilateral relations between us;
- proceed with the MAAG reduction next summer;
- invite the Ethiopian Government to seek our assistance on appropriate economic development projects;
- relocate Mystic Star and close Kagnew by September 1977; and reduce Asmara from Consulate General to Consulate, reassessing its value after Kagnew's closing.

2. Having said all this, State recommends that "the significance of the proposed changes in US policy makes this an appropriate topic for consideration by the new Administration" but, due to the urgency, recommends that the study be called to the immediate attention of the transition teams so an early decision can be made. [State has assured me this does not, in its view, preclude taking some actions now.]

B. DOD Views:

DOD criticizes the study for not being "a comprehensive and objective review of US interests and policy toward Ethiopia and the Horn of Africa." It suggests the need for an explicit listing of US goals for the area and amendments to Sections I and II of the study. It also suggests that the study should discuss US policy and options in the

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event of hostilities over the FTAI. Further, it criticizes the study for not assessing the potential strategic implications of the USSR's attaining domination in the Horn and the Red Sea.

[NOTE: I think DOD is asking for more than the NSSM did. We agreed to a brief study of our relations with Ethiopia. While reference was made to the Horn in NSSM 248, it was in the context of our relations with Ethiopia. We expressly agreed in the SRG meeting that contingencies in the event of hostilities in the FTAI would not be covered by this study but by a future one.]

DOD then agrees with the US strategic interests spelled out in the study. It notes the changes in the area in the last two years. It recommends closing Kagnev by September 1977 if Mystic Star can be relocated, and it notes that the Ethiopian Government will read a great deal into this decision and its timing. DOD suggests that this and other decisions on assistance should be presented so as to serve our goals in Ethiopia and in the region. ✓

DOD supports option C as the best way to deal quickly and imaginatively with the still fluid situation in the Horn, and says that more work needs to be done before we determine larger issues of US policy toward Ethiopia, the scope and level of future assistance, and what we should do in the event of Somali-Ethiopian hostilities. ✓

C. CIA Views:

CIA finds the study "excessively gloomy" about long-term relations with Ethiopia. A more active policy toward LDCs in general, it suggests, might encourage the Ethiopians to offer openings for US initiatives. We may have already signalled a change of policy without intending to, simply through our declining interest in the country. Finally, CIA questions whether the present regime is worth helping, quite aside from its attitude toward the US.

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CIA then makes a few specific comments on details of the study. The most important of these are:

- historically the Soviets have much more interest in Ethiopia than Somali; even now there are over 200 Soviet officials in Ethiopia;
- the psychological impact on Israel of the Bab el Mandeb Straits and Ethiopia go well beyond access to East African ports. The Straits symbolize Israel's opening to the East.

D. NSC Staff Comments on the Study and Agency Views:

State and DOD have come out for option C. State is most explicit on the points it favors, but proposes to leave major decisions to the next Administration. CIA has not commented on the options. DOD also wants a more comprehensive study.

I believe that, as NSSM 248 was narrowly conceived, the study fulfills the NSSM's requirements. In the long run, some of the points DOD makes must be dealt with. We must also deal more fully with our new relations with Sudan, Kenya and even Djibouti. Have we better long-run "friends" than Ethiopia in the region, even if we hold to the "Middle Course" in the short run? Can we do more in Ethiopia through other countries -- Saudi Arabia, Egypt, Sudan, Kenya and France -- than directly by our own program? Nevertheless, certain of the decisions need to be taken now and would not adversely affect a flexible policy, nor an evolving one. I do not believe, therefore, that we need to wait until after January 20 to do everything.

V. NEED FOR POLICY DECISIONS

[My recommendations to you are in brackets.]

The SRG needs to decide:

- A. Do we accept this study with a few textual amendments, or do we return it for expansion as DOD has proposed? [Accept

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this study. It provides sufficient guidance for the present, except on what we would do if hostilities broke out over Djibouti. This should be studied promptly after the talks with the French have taken place. They have not yet been scheduled.]

- B. If we agree to option C, the middle course, what specific actions should be taken now and which ones should be left to the new Administration? [Proceed now with: ammunition sales; close Kagnev by September 30, 1977; downgrade the Asmara Consulate General when Kagnev is closed, but not before; next summer, reduce MAAG and downgrade its chief; leave initiative for requests for new AID projects to Ethiopian Government; when military or economic aid agreements are worked out, state our views on critical issues such as respect for human rights, negotiated settlement in Eritrea, forbearance toward the FTAI, and compensation to US investors for nationalized investments. Delay: new FMS credit sales; future cash sales.]

VI. YOUR APPROACH TO THE MEETING

Your talking points for the meeting are at Tab A. Phil Habib and Talcott Seeley will attend for State, William Clements and Eugene McAuliffe will attend for DOD, Lt. General W. Y. Smith will attend for JCS and George Bush, Jim Potts and Bill Parmenter for CIA.

George Bush is prepared to open up with an oral briefing on the Ethiopian situation, essentially updating what he said in November in relation to the FTAI.

State and DOD should then present their views on the study and the options. You may wish to comment at this time.

Then I suggest you decide how far we want to go now with decisions on the options and the detailed actions. Will the conclusions of the SRG justify a NSDM? If so, that will have to come out following the meeting.

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